

Message Text

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DRAFTED BY: AMOHANIAN/RLS

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

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FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

UNCLAS STATE 224932

E.O. 11652: NA

TAGS: APUB, CO

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO COLOMBIA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 1,710,000 TO PULPAPEL. RELEASE IS
SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M.
PAPERS, WEDNESDAY, OCTOBER 23, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 1,710,000 SUPPORTS DOLS 3.8
MILLION SALE OF U.S. EQUIPMENT FOR PULP PLANT IN
COLOMBIA

TO SUPPORT A DOLS 3.8 MILLION SALE OF U.S. GOODS AND SER-
VICES REQUIRED FOR IMPROVEMENTS TO A PULP PLANT IN COLOMBIA,
THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 1,710,000 TO
FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK IS ALSO
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PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 1,710,000

FROM PRIVATE U.S. SOURCES NOT YET DESIGNATED TO COVER ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, PULPAPEL, A PRIVATE COLOMBIAN COMPANY, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 380,000.

THE PROJECT IS FOR A SECONDARY RECOVERY UNIT WHICH WILL COMPLETE THE CHEMICAL RECOVERY CAPACITY OF THE COMPANY'S PULPING OPERATIONS. SIMONS EASTERN COMPANY OF ATLANTA, GEORGIA, ACTED AS PULPAPEL'S ENGINEERING CONSULTANT FIRM TO ASSIST IN THE BASIC STUDY AND PLANS FOR THE NEW RECOVERY SYSTEM WHICH IS SCHEDULED FOR COMPLETION AND OPERATION BY JULY 1976. U.S. SUPPLIERS HAVE NOT YET BEEN FINALLY SELECTED.

PULPAPEL PRODUCES SOME 87,000 METRIC TONS OF PULP OF VARIOUS GRADES ANNUALLY. ALL OF THIS PULP IS SOLD TO CARTON COLOMBIA, S.A., THE PRINCIPAL SUPPLIER OF PAPERBOARD AND PAPER USED BY THE PACKAGING INDUSTRIES OF COLOMBIA.

THE LOANS ARE TO BE REPAID IN 10 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 5, 1977. EXIMBANK'S DIRECT CREDIT OF DOLS 1,710,000 WILL BE REPAID OUT OF THE LAST 5 INSTALLMENTS AT AN INTEREST RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLANDED WITH THE PORTION OF THE CREDIT EXTENDED BY THE PARTICIPATING COMMERCIAL BANK RESULTS IN AN ESTIMATED COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.83 PERCENT TO 9.08 PERCENT ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY CARTON DE COLOMBIA, S.A. UNQUOTE INGERSOLL

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